GOVERNMENT OF INDIA
RAILWAYS
LOK SABHA

UNSTARRED QUESTION NO:2726
ANSWERED ON:15.03.2001
INVESTMENT IN RAILWAY PROJECTS
UMMAREDDY VENKATESWARLU

Will the Minister of RAILWAYS be pleased to state:

(a) whether the high-level Railway Safety Committee has recommended that Railways should invest in projects which would ensure a minimum return of over 20%;

(b) if so, the details of the recommendations made by the Committee;

(c) whether the Committee has identified rail projects which have inherented negative rates of growth;

(d) if so, the details of such projects;

(e) whether the Railways are reviewing such projects; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF RAILWAYS (SHRI DIGVIJAY SINGH)

(a) & (b) Yes, Sir. Railway Safety Review Committee, under the chairmanship of Justice H.R. Khanna, retired Judge of the Supreme court, has recently submitted part-II of their report and it has, inter-alia, recommended that Financial justification should be the only consideration for approving and prioritising an investment proposal. Further, only projects which yield a minimum rate of return of 20 percent, slightly more than the prevailing market rate of interest, should henceforth be undertaken.

It is also necessary to arbitrate that in view of IR`s financial crisis, no authority should be allowed to clear projects that do not fulfil this minimum ROR, except where strategic lines are involved; the concerned codes should accordingly be amended.

(c) No, Sir. The committee has not enlisted projects having negative rate of return.

(d) Do not arise.

(e) & (f) Recommendations are under examination of the Government. Action will be taken on those recommendations, which are accepted by the Government.